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SOURCE Jen-min T'ieh-tao (People's Railways), Vol III, No 3, 1951.

SPECIAL FREIGHT RATES ON CHINESE RAILWAYS

Summary: This article defines general and special freight rates in China. Special freight rates are applied for special needs and situations, and since the establishment of the Ministry of Railways there have been five revisions of these rates.

Current reductions in freight rates are made for various reasons, such as seasonal rates for perishable vegetables and fresh fish and the direction of shipment for such items as cotton.

Feng Ta-sheng

Meaning of Special Freight Rates

For the transportation of passengers or goods from Point A to Point B the railway receives a definite amount of money which, in the case of goods, is called the freight rate. At present, there are 30 categories of goods. Depending upon the cost of transportation, what the goods can stand, and the economic situation, the freight rate is determined for each category. This is the general freight rate schedule.

In this general freight rate schedule, because of the difference in classification, the average article has an appropriate charge which conforms to our objective. In the case of essential goods, mechanical implements for farming and industry, the classification is set comparatively low; while luxury goods, valuable objects, and articles of adornment are assigned a higher classification. Thus, the general rate is suitable for average articles; but, if it is wished to encourage or to limit the transportation of articles of special nature, or under special circumstances, certain problems are raised. Freight rates must be more or less permanent. If the ordinary freight rate is revised from time to time to meet some special exigency, it is inconvenient for the merchants and very troublesome for the railway administration. For this reason the problem must be settled by the application of special freight rates.

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Special freight rates are distinct from regular rates and are determined partly by the special need or special conditions regarding the particular goods, and partly by the desires of the railway administration itself, such as the return trips of empty cars or the regulation of traffic density.

The determination of special freight rates is not hampered by a rigid rate structure. All sorts of methods may be used, such as diminish or increase the percentage, diminish or increase the grade, abolish an increase in price, indicate the name or description of articles, limit the load, time, distance, final destination, number, etc.

Special Rate Schedules

Since the establishment of the Ministry of Railways, because of the fluctuations in the cost of commodities, there have been five revisions of freight rates, but through it all there has continued to be also the possibility of special rates. Because of the revision of freight rates and the changes in the political or economic situation there have repeatedly been increases, decreases, and revisions of the special rates. The previous rates and the current rates are described below.

1. Previous Special Rate Schedule

In July 1949, when freight rates for the whole nation (with the exception of the Northeast) became uniform, freight goods were classified into 20 categories; [redacted], the special rate for coal was set at 30 percent more than that for freight goods in Classification 19. This was because at that time the freight rate for goods in Classification 19 was actually less than cost. In December, after three adjustments of freight charges and raising the basic rate, in consideration of the long-distance hauling of coal, the increase in percent was abolished and for a haul of more than 1,000 kilometers, the rate changed to be 15 percent, less than the regular rate, and for a haul of 1,500 kilometers, 30 percent less than the regular rate. On 1 January 1950, because prices had again advanced, the railways were losing money on coal transportation so the special rate was canceled.

Later, a special reduction of 50 percent was also given for oxygen [in tanks] and automobiles. These reductions were determined by industry's need for raw materials.

A special discount of 50 percent on shipments of pears and dates, effective from 5 September to the end of November, was made to help certain flooded areas market their products.

In the summer of 1950, in the interests of fishermen, a 30 percent reduction of the usual freight rate for fresh fish and shell fish was granted from 12 May to the end of July, irrespective of quantities, distance, or destination.

In June, in order that South China might ship porcelain and bamboo products northward, it was decided that porcelain should have a special rate reduction of 30 percent and bamboo a reduction of 40 percent. After conditions changed, all the above reductions were abolished.

2. Current Special Rate Schedule

To encourage industrial plants to locate nearer the source of raw materials and to prevent their becoming unreasonably concentrated in one part of China, and to save what is spent in duplication of transport, a 50-percent reduction was promulgated to induce industries to move from Shanghai to the interior. This reduction remains in effect.

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In September 1949, to supplement the insufficient supply of cotton and to meet the needs of the cotton mills, cotton imports were permitted temporarily and the railways established a 50-percent reduction of freight rates. This applied to all cotton imports that had proper certificates from the ministry of Foreign Trade, and that were shipped from any port to such places as Shanghai and Soochow, up to the end of March 1951. Originally it had been stipulated that this special rate would apply only until the end of 1949; but later, since the nation's supply of cotton was still insufficient, the time limit was extended twice to prevent mills from closing for lack of raw material and workers from being thrown out of employment.

Many kinds of art works are produced in large quantities by Peiping handicraftsmen. These art works are world famous. According to railway regulations such works are of various classifications but mostly in the higher categories. To stimulate their production and sale abroad, thus securing foreign exchange, on 10 October 1949, it was decided that all such goods certified by the Ministry of Trade, when shipped from Peiping to Tientsin, would be given a reduction of 40 percent applicable to 14 classifications. In August 1951, it was decided that there should be no discrimination because of classification and that all such goods, if properly certified, would be considered as belonging to Classification 13.

For coal production, pit props are necessary but are not available everywhere. Therefore, to lessen their cost, they were given a classification lower than ordinary lumber. In December 1949, a further reduction of 30 percent was granted on pit props that were transported 500 kilometers or more. This rate is still effective.

Special rates were made for export goods. In September 1949, such goods as hog bristles, raw silk, tea and tung oil had accumulated in Shanghai, but had to be transported from Shanghai to Tientsin for export. To lessen the cost, it was decided that between Shanghai and Tientsin a special reduction of 50 percent be granted for goods that were thus transhipped to another port. Later, because of changed conditions and as a result of experience, there were repeated revisions, with other articles of merchandise added and destination points changed. After two extensions of time, the present special rates for export goods went into effect. The main purpose of the special rates is to promote the general export of Chinese products to secure foreign exchange with which to import articles essential for construction. The railways help by granting special rates from the point of production to the shipping point, thus reducing transportation costs. This policy also tends to increase the production level. The practice now is to give a special rate to all goods certified by the Ministry of Trade or its subsidiary units as intended for export.

Export goods are of many classes. There is need of careful investigation to determine which ones should really have reduced rates and what should be the degree of reduction. The Ministry of Railways and the Ministry of Trade need to inquire into and discuss the matter jointly before deciding on the items and the rates. The method of procedure should also be clarified. The important points to keep in mind are the national policy regarding export trade, the price of the goods and the market demand for the articles within the nation and abroad, the variations in railway rates, the nature of the goods, the packaging of the articles, etc. Special attention must be given to manufactured articles, location of factories, how much is produced, distribution of the product nationally, and the distance from the production point to seaports.

- At present articles for export are divided into two classes.

a. Class 1 includes six articles, as follows: tea, brick tea, almonds, hides, egg products, and raw silk. The special freight reduction for each of these articles is 50 percent.

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b. Class 2 includes 13 articles, as follows: wool, camel's hair, wood oil, tallow tree seed oil, Camelina oil, peanut oil, cottonseed oil, medicines, casings, walnuts, fresh eggs, antimony, and cement. Each of these has a 30 percent reduction below the regular freight rates.

In August 1950, when the freight classifications were changed, in addition to the above-mentioned reductions, it was decided that the following special rates should also hold.

Freight car dunnage furnished by the shipper himself, such as canvas coverings, ropes, matting, and wooden props, should be returned to their starting point free of charge, while receptacles that contained goods should be returned at half price. The last two items were omitted in the past but this was an oversight. The items first mentioned supplement the equipment provided by the railways and help to preserve the goods; the reduction on the return of goods containers lessens the total transport costs. These provisions are a special favor in effect in railway transportation. To promote cultural motion picture and to advance propaganda instruction, a special rate is given to all motion picture machines and the accessory equipment, carried by the traveling groups and vouched for by the Ministry of Culture, including reels, films, uniforms, travel equipment, medicines, etc. Irrespective of their regular classification, all these articles will be considered as belonging to Classification 18.

One of the most important tasks of the moment is that of preserving public health and the task of plague prevention. In districts affected by disease the government gives free inoculations for both men and beasts. The railways have decreed that all goods certified as being transported for the Ministry of Public Health or the Ministry of Agriculture should be treated as under Classification 18.

In addition there are some local reductions in special separate districts. For example, in the Northeast, fresh fruit receives a 50 percent reduction. Stiff hides for a specified time have their classification lowered to effect a reduction in freight costs. During the winter, fresh vegetables transported 300 kilometers or more have a special rate. In the Shanghai district, rice transported to Shanghai from Wuhu and Tanx-t'u has a reduction of 40 percent, and from Ts'ai-shih and Nanking to Shanghai, a 20 percent reduction. Other temporary arrangements for reductions, although exceptions to the general freight rates, are limited to a single occasion or to a few times, and are not included in the general sphere of reductions; for example, the reduction on relief goods shipped to disaster areas.

Current reductions in freight rates are made for various reasons. For example, fresh vegetables and fresh fish are seasonal, while with cotton it is a matter of direction of the shipment. Special rates applied to goods for export are, given in consideration of their final destination. Reductions in the Northeast and in Shanghai are local matters. Special rates for Peiping handicraft articles and pit props refer to distances involved. These rates, although applied in many different ways, do not yet, range to meet the nation's economic requirements. Our land is large and its goods abundant, but in many places there has been little development.

In the future, through steady advance from an agricultural to an industrial economy, with planned construction and emphasis on expansion, every section of the country will have its appropriate type of diversified labor. Then, upon the present foundation, there will be a development on mining and industry. In that economy, the coastal regions provide marine products and salt; the Northeast produces grain as well as the wood needed for heavy industry; the Southwest, mineral products and wood oil; East China, light industry; North China, coal; Central China, wheat and cotton; Hunan and Anhwei provinces, tungsten and antimony; and the Northwest, wool, herbs, petroleum, and rare minerals.

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Increased transport facilities are essential for expansion and adaptation of these products in each area. The railways, which can carry great quantities cheaply, cannot shirk their responsibility for this task. Although in the long run the usual freight rates can solve the transport problem, there are certain conditions that necessitate special rates. To limit reckless shipping of raw materials and to effect a reasonable distribution of manufactured articles, it is especially desirable to use freight rates as a method of control.

Looking at matters from another angle, weather and topography vary greatly in various parts of the nation. The regions differ also in products and in habits of production. The same transportation rates for the same goods are not suitable everywhere and need adjustment through special rates. For these reasons the reduction of freight rates becomes a complex and weighty problem.

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